

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC
TO AMEMBASSY VIENNA
INFO AMEMBASSY BRUSSELS

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USEEC

E.O. 11652: N/A

TAGS:ETRD, AU

SUBJECT: RHODESIAN CHROME CERTIFICATION AGREEMENTS

REF: A) VIENNA 5065 B) STATE 140457

1. THE USG APPRECIATES GOA'S CONCERN THAT CERTIFICATION
CONDITIONS APPLIED TO AUSTRIAN EXPORTS BE NO MORE ONEROUS
THAN THOSE APPLIED TO THE EXPORTS OF OTHER COUNTRIES. WE
HAVE ASKED THE EC AND OUR OTHER TRADING PARTNERS THAT
EVERY SHIPMENT OF CHROMITE ORE AND FERROCHROMIUM THEY
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IMPORT FROM SOUTH AFRICA BE TESTED TO ASCERTAIN THAT IT
IS NOT OF RHODESIAN ORIGIN. THE COST OF THESE TESTS IS
ESTIMATED TO BE BETWEEN \$20 TO \$60 PER SHIPMENT, WHICH
IS INSIGNIFICANT COMPARED TO THE VALUE OF A SHIPLOAD OF
CHROMITE ORE OR FERROCHROMIUM. JAPAN, KOREA, AND CANADA
HAVE AGREED TO TEST ALL SHIPMENTS FROM SOUTH AFRICA.
YUGOSLAVIA CERTIFIED TAT ITS LAWS PROHIBIT THE IMPORTA-

TION OF ALL PRODUCTS FROM RHODESIA AND SOUTH AFRICA, AND
THAT IT DOES NOT NEED TO SET UP TESTING PROCEDURES
FOR SOUTH AFRICAN PRODUCTS.

2. THE EC, WHICH RECEIVES MANY SHIPMENTS OF CHROME AND
FERROCHROME EACH YEAR, HAS SAID THAT IT COULD EFFECTIVELY

PREVENT THE IMPORTATION OF RHODESIAN CHROME INTO THE EC
WITHOUT TESTING ALL SHIPMENTS FROM SOUTH AFRICA. IT
BELIEVES THAT PARTIAL TESTING COMBINED WITH SUBSTANTIAL
EC CRIMINAL PENALTIES FOR VIOLATORS AND OTHER ENFORCEMENT
MECHANISMS WILL BE SUFFICIENT. WE REJECTED THE EC'S
EARLIER PROPOSAL FOR RANDOM SAMPLING OR MINIMAL TESTING.
ALTHOUGH A FINAL AGREEMENT HAS NOT BEEN REACHED ON THIS
POINT, IT IS EXPECTED THAT THE EC WILL AGREE TO TEST A
SUBSTANTIAL PORTION IF NOT ALL IMPORTS FROM SOUTH AFRICA.
SINCE IT IS EXPECTED THAT THERE WILL BE AGREEMENT ON A
VERY SUBSTANTIAL SAMPLING IT WOULD NOT BE POSSIBLE FOR
EC IMPORTERS TO CIRCUMVENT THE PROCEDURES. THIS WOULD
NOT BE THE CASE FOR COUNTRIES SUCH AS AUSTRIA WHOSE TOTAL
NUMBER OF SHIPMENTS IS SO SMALL AS TO NOT ALLOW FOR A
STATISTICALLY VALID SAMPLE. CONSEQUENTLY THE US WOULD
NOT BE ABLE TO ACCEPT THE AUSTRIAN REQUEST FOR LESS THAN
100 TESTING UNLESS AUSTRIA CAN PROVIDE STATISTICAL DATA
DEMONSTRATING THAT IT RECEIVES A LARGE NUMBER OF SHIPMENTS
PER YEAR.

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3. THE USG HAS DISCUSSED CHROME CERTIFICATION PRO-
CEDURES WITH THE EFTA AND EC MEMBER STATES AND DOES NOT
BELIEVE THAT THESE PROCEDURES WOULD CREATE ANY CONFLICT
WITH REGIONAL TRADE AGREEMENTS, BUT IS WILLING TO DISCUSS
ANY PROBLEMS WHICH MIGHT OCCUR. THE DRAFT CERTIFICATION
PROCEDURES WHICH WE HAVE DISCUSSED WITH GOA AND OTHER
COUNTRIES PROVIDE FOR CONSULTATIONS TO RESOLVE ANY
UNFORESEEN PROBLEMS WHICH MIGHT ARISE LATER. THE PROPOSED
PROCEDURES ALSO ALLOW EITHER PARTY TO CANCEL THE CERTIFICA-
TION AGREEMENT WITH ONE MONTH'S NOTICE IN THE EVENT THAT
A MUTUALLY SATISFACTORY SOLUTION FOR PROBLEMS CANNOT BE
FOUND. THE CONSULTATION AND CANCELLATION PROVISIONS
SHOULD ALLAY AUSTRIAN FEARS THAT THEY WILL BE BOUND TO
A POTENTIALLY UNSATISFACTORY AGREEMENT.

4. AUSTRIA MAY BE INTERESTED IN KNOWING THAT JAPAN,
KOREA, AND YUGOSLAVIA HAVE ALL SIGNED CERTIFICATION
AGREEMENTS. IN VIEW OF THE JULY 18 DEADLINE, WHICH IS
UNLIKELY TO BE EXTENDED, WE URGE AUSTRIA TO EXPEDITE
CONCLUSION OF CERTIFICATION AGREEMENT TO AVOID ANY
UNNECESSARY DISRUPTION OF TRADE. VANCE

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